

Internal Revenue Service
District Director

Department of the Treasury

Post Office Box 1680, GPO
Brooklyn, NY 11202

Date: APR 16 1997

Person to Contact:

Contact Telephone Number:

Refer Reply to:

Employer Identification
Number:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for tax-exempt status under section 501(c)(3) of the Internal Revenue Code.

The evidence presented disclosed that were incorporated on

The purposes for which the corporation was formed are to promote [REDACTED], in an attempt to reduce the number of [REDACTED] sent to slaughter and the making of distributions to organizations that qualify under 501(c)(3).

The information submitted with your application indicates that your organization was established to promote responsible ownership and pleasure use of the retired [REDACTED]. The focal points of the program are:

1. To outreach to harness racing owners in order to facilitate placement of retired horses with pleasure horse owners.
2. To promote the breed's versatility.
3. To recognize outstanding owners and member horses.
4. To educate the members and member horse community at-large on responsible horse ownership.

The organization's activities include holding clinics, teaching skills in owning and training of all horses, horse shows, promotional booths at agricultural and trade shows.

Their response to our letter dated [REDACTED] includes a list of activities that demonstrates the above. The various brochures advertise horse shows, clinics and other various open events. Only 2 of the brochures showed some concern for the future of the animals.

The financial information submitted with your application, indicates that revenues will come from contributions, membership dues and gross receipts. The only expense the organization has is for fundraising. There are no expenses for contributions paid out.

Section 501(c)(3) of the Code provides, in part, for the exemption from Federal income tax of organizations organized and operated exclusively for charitable, religious, scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(c)(1) of the Regulations states that if more than an insubstantial part of an organization's activities is not in furtherance of exempt purposes, the organization will not be regarded as exempt.

In Better Business Bureau v. U.S., 326 U.S. 279 (1945), the Supreme Court stated that the presence of even a single, non-exempt purpose, if more than insubstantial in nature, will defeat exemption under Section 501(c)(3) of the Code, regardless of the manner or importance of the truly exempt purposes.

Section 1.501(c)(3)-1(d)(2) of the Regulations provides that the term "charitable" includes relief of the poor and distressed, advancement of education and science and the promotion of social welfare designed to accomplish any of the above purposes.

Section 1.501(c)(3)-1(d)(3) of the Regulations provides, in part, that the term "educational" relates to the instruction of the public on subjects useful to the individual and beneficial to the community. Museums and schools are included in the examples of educational organizations which, if they otherwise meet the requirements of section 501(c)(3) of the Code, may qualify under this section.

The primary activities of the organization are the holding or sponsoring of horse shows, driving shows and an awards ceremony. These activities do not further any 501(c)(3) purpose. The rescue of the breed is insubstantial, at best. Therefore, the organization is denied tax exempt status under 501(c)(3).

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(3) of the Code and propose to deny your request for exemption under that section.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1630, General Post Office, Brooklyn, NY 11202.

Contributions made to you are not deductible by the donors as charitable contributions as defined in section 170(c) of the Code.

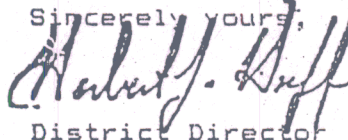
If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time this determination will be considered final and the appropriate State Officials will be notified.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Harold J. Duff". The signature is written in a cursive style with a large, stylized "H" and "D".

District Director

Enclosure: Publication 892